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DEPARTMENT FOR WHA/CAN, OES/EGC, AND EB/ESC/IEC/EPC

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TAGS: [SENV](#) [ECON](#) [ENRG](#) [PGOV](#) [CA](#)

SUBJECT: THE HARPER GOVERNMENT'S "MADE IN CANADA" CLIMATE
CHANGE PLAN TAKES SHAPE

REF: A. OTTAWA 1323 (NOTAL)
[1](#)B. OTTAWA 302 (NOTAL)

[1](#)1. (U) Sensitive but unclassified.

[1](#)2. (SBU) As the domestic debate intensifies on Canada's climate change policies, details are slowly emerging on the Harper government's "Made in Canada" climate programs, which will include enhanced public transportation, increased ethanol production, clean air legislation, and a "large final emitters" program. Government officials have said the full plan will be unveiled in the fall, but various components may be announced this summer. A recent visit by Australian Prime Minister Howard garnered heightened interest in Canadian participation in the Asia Pacific Partnership for Clean Development and Climate. In the meantime, opposition politicians, environmental NGOs, and other observers have roundly criticized what they see as the government's "backtracking" on the Kyoto Protocol. End summary.

[1](#)3. (SBU) The public discussion of Canada's climate change policies began to gain momentum several weeks ago when Environment Minister Rona Ambrose told the House of Commons that it would be "impossible" for Canada to meet its Kyoto emissions reductions target. Canada's emissions of greenhouse gases, Ambrose noted, are currently 35 percent higher than 1990 levels, and a reduction to six percent below 1990 levels by 2012 would therefore be completely unattainable. Further, during the April visit to Ottawa by Under Secretary for Global Affairs Paula Dobriansky and Chairman James Connaughton of the Council on Environmental Quality, Ambrose indicated that Canada would not agree to a second round of Kyoto emissions commitments (ref A) which did not include all major developed and developing countries. Alluding to the Protocol's Clean Development Mechanism, Ambrose told the press that the government would be pursuing "Made in Canada" solutions and had no plans to purchase emissions credits from other countries.

The Harper Government's Plan...

[1](#)4. (U) Although the government has not formally unveiled all of the features of its new programs, some components will be tax credits for regular users of public transportation, as well as increased ethanol production. Details have yet to emerge on how the transportation program will be managed, but the Harper government expects to spend as much as C\$370 million (C\$1.00 equals \$0.92 U.S.) over the next two years on public transportation tax incentives. In addition, Environment Minister Ambrose described as "historic" a recent federal-provincial deal on ethanol, which is intended to boost the ethanol content of Canadian gasoline to five

percent by 2010.

15. (SBU) Minister Ambrose told U/S Dobriansky and CEO Chairman Connaughton during their visit to Ottawa that the government would also seek to achieve greenhouse gas (GHG) emissions reductions through clean air programs, while at the same time reducing emissions of nitrous oxides, sulfur dioxide, and particulate matter. The Harper government also expects, before the end of the year, to release details on the oft-delayed "large final emitters" (LFE) program. The emissions reduction program, once considered to be the centerpiece of Canada's Kyoto compliance plan, became mired in endless negotiations between industry and the previous Martin government, and in 2004 the government postponed its implementation. Ultimately, the LFE program is expected to be implemented. Ultimately, the LFE program is expected to cover the 700 largest industrial facilities in Canada, responsible for about half the country's GHG emissions. Finally, carbon sequestration is likely to play a prominent role in the government's program. These technologies have received significant coverage in the Canadian media recently.

16. (U) The recent three-day visit of Australian Prime Minister John Howard showed continued Canadian interest in the Asia Pacific Partnership for Clean Development and Climate (APP). The APP appears to match the Harper government's "Made in Canada" pledge with the desire to cooperate with like-minded countries such as the United States and Australia (ref B). Prime Minister Harper publicly expressed interest in the APP, commenting that the partnership's approach to climate change "is very much the path our government's looking at." For his part, Prime Minister Howard said that Australia would "warmly welcome" Canada's participation. (Comment: Our follow-up with

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Australian diplomats in Ottawa indicates that Howard did remind Harper that adding new participants to the APP would require the approval of all six governments. End Comment.)

...and its Critics

17. (U) As Minister Ambrose prepared to chair a United Nations Framework Convention on Climate Change (UNFCCC) meeting in late May in Bonn, Canadian newspapers quoted a leaked GOC policy memo opposing mandatory GHG emissions reductions in a post-2012 regime. Liberal Party environment critic Scott Brison called the memo "outrageous" and "dangerously duplicitous," and called on Ambrose to resign as chair of the Conference of Parties (COP) of the UNFCCC (Canada will serve as chair of the COP until the next general meeting in late 2006). The Toronto Star, the largest circulation newspaper in Canada, editorialized that the Harper government was "sandbagging" negotiations over more stringent GHG reductions.

18. (U) The shift in Canada's climate change policy also drew criticism from environmental NGOs, as well as provincial leaders in Quebec and Manitoba. NGO representatives have decried the cancellation of climate change programs that the Harper government believed were ineffective, including the consumer-oriented "EnerGuide" and "One Tonne Challenge" initiatives. The Quebec assembly passed a unanimous motion urging Ottawa to honor its Kyoto commitments, and asked for C\$328 million in federal funds promised by the previous Liberal government to finance new provincial climate change programs. In Manitoba, Premier Gary Doer of the New Democratic Party (NDP) pledged that the province would meet its emissions reductions targets with or without federal support. Quebec and Manitoba are well endowed with hydro power, so pledging to meet Kyoto targets comes at little or no cost to the provincial governments.

Comment

19. (SBU) Despite the strong criticism, Prime Minister Harper and his ministers appear determined to implement their strategy of pursuing technological solutions to climate change, but without formally withdrawing from Kyoto. This approach risks continued censure from those who believe that Kyoto is sacrosanct, but the government can credibly respond that the previous Liberal government had not developed realistic plans for honoring Canada's Kyoto commitments. While the Harper government does not expect to have its full climate change program ready until the fall, we expect that various elements of the domestic package will continue to be rolled out over the next few months. Internationally, the government seems to be focused on joining the APP, so its credibility will be tied to some extent to the progress made in that forum.

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